

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF FEBRUARY 28, 2007**

	February-07				January-07				December-06				September-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Actual	Month	Market Value	Allocation	Actual	Month	Market Value	Allocation	Actual	Quarter	Market Value	Allocation	Actual	Quarter	FYTD	FY06	Ended	Ended
				Net ROR				Net ROR				Net ROR				Net ROR	Net	Net	6/30/2006	6/30/2006
<b>LARGE CAP DOMESTIC EQUITY</b>																				
<i>Structured Growth</i>																				
Los Angeles Capital	81,208	2.8%	2.8%	-0.52%	83,061	2.8%	2.8%	3.46%	80,202	2.8%	2.8%	7.40%	76,653	2.7%	2.8%	1.60%	12.31%	11.12%	N/A	N/A
<b>Total Structured Growth</b>	<b>81,208</b>	<b>2.8%</b>	<b>2.8%</b>	<b>-0.52%</b>	<b>83,061</b>	<b>2.8%</b>	<b>2.8%</b>	<b>3.46%</b>	<b>80,202</b>	<b>2.8%</b>	<b>2.8%</b>	<b>7.40%</b>	<b>76,653</b>	<b>2.7%</b>	<b>2.8%</b>	<b>1.60%</b>	<b>12.31%</b>	<b>11.12%</b>	<b>12.01%</b>	<b>-0.32%</b>
Russell 1000 Growth				-1.88%				2.57%				5.93%				3.94%	10.80%	6.12%	8.35%	-0.76%
<i>Structured Value</i>																				
LSV	79,780	2.7%	2.8%	-1.88%	82,878	2.8%	2.8%	2.07%	88,774	3.1%	2.8%	8.09%	84,460	3.0%	2.8%	4.90%	13.56%	15.05%	21.14%	12.22%
Russell 1000 Value				-1.56%				1.28%				8.00%				6.22%	14.38%	12.10%	15.70%	6.89%
<i>Russell 1000 Enhanced Index</i>																				
LA Capital	163,046	5.5%	5.6%	-0.77%	163,424	5.6%	5.6%	1.68%	168,219	5.8%	5.6%	7.67%	152,896	5.4%	5.6%	3.71%	12.67%	11.58%	N/A	N/A
Russell 1000				-1.72%				1.93%				6.95%				5.06%	12.56%	9.08%	N/A	N/A
<i>S&amp;P 500 Enhanced Index</i>																				
Westridge	173,754	5.9%	5.6%	-1.91%	172,282	5.9%	5.6%	1.55%	169,491	5.9%	5.6%	6.86%	163,265	5.8%	5.6%	5.75%	12.55%	8.77%	N/A	N/A
S&P 500				-1.96%				1.51%				6.70%				5.67%	12.21%	8.63%	N/A	N/A
<i>Index</i>																				
State Street	50,434			-1.86%	53,743			1.97%	59,571			8.03%	56,716			5.78%	14.37%	9.51%	11.47%	2.62%
<b>Total 130/30</b>	<b>50,434</b>	<b>1.7%</b>	<b>1.9%</b>	<b>-1.86%</b>	<b>53,743</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.97%</b>	<b>59,571</b>	<b>2.1%</b>	<b>1.9%</b>	<b>8.03%</b>	<b>56,716</b>	<b>2.0%</b>	<b>1.9%</b>	<b>5.78%</b>	<b>14.37%</b>	<b>9.51%</b>	<b>11.47%</b>	<b>2.62%</b>
S&P 500				-1.96%				1.51%				6.70%				5.67%	12.21%	8.63%	11.22%	2.49%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>548,222</b>	<b>18.7%</b>	<b>18.8%</b>	<b>-1.36%</b>	<b>555,387</b>	<b>19.0%</b>	<b>18.8%</b>	<b>1.98%</b>	<b>566,257</b>	<b>19.5%</b>	<b>18.8%</b>	<b>7.50%</b>	<b>533,990</b>	<b>19.0%</b>	<b>18.8%</b>	<b>4.49%</b>	<b>13.00%</b>	<b>10.95%</b>	<b>13.63%</b>	<b>3.95%</b>
S&P 500				-1.96%				1.51%				6.70%				5.67%	12.21%	8.63%	11.22%	2.49%
<b>SMALL CAP DOMESTIC EQUITY</b>																				
<i>Manager-of-Managers</i>																				
SEI	183,362	6.2%	6.3%	-0.28%	183,980	6.3%	6.3%	1.65%	191,443	6.6%	6.3%	8.82%	175,728	6.3%	6.3%	-0.01%	10.30%	13.58%	18.20%	7.84%
Russell 2000 + 200bp				-0.63%				1.84%				9.43%				0.94%	11.79%	16.86%	21.06%	10.38%
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>183,362</b>	<b>6.2%</b>	<b>6.3%</b>	<b>-0.28%</b>	<b>183,980</b>	<b>6.3%</b>	<b>6.3%</b>	<b>1.65%</b>	<b>191,443</b>	<b>6.6%</b>	<b>6.3%</b>	<b>8.82%</b>	<b>175,728</b>	<b>6.3%</b>	<b>6.3%</b>	<b>-0.01%</b>	<b>10.30%</b>	<b>13.58%</b>	<b>18.20%</b>	<b>7.86%</b>
Russell 2000				-0.79%				1.67%				8.90%				0.44%	10.33%	14.58%	18.70%	8.50%
<b>INTERNATIONAL EQUITY</b>																				
<i>Large Cap - Active</i>																				
Capital Guardian	120,762	4.1%	4.0%	-0.17%	118,256	4.1%	4.0%	1.47%	124,666	4.3%	4.0%	8.53%	114,737	4.1%	4.0%	5.02%	15.46%	28.07%	20.99%	6.90%
LSV	114,545	3.9%	4.0%	0.65%	117,666	4.0%	4.0%	1.42%	123,882	4.3%	4.0%	10.66%	111,972	4.0%	4.0%	6.24%	20.00%	27.09%	N/A	N/A
<b>Total Large Cap - Active</b>	<b>235,307</b>	<b>8.0%</b>	<b>8.0%</b>	<b>0.24%</b>	<b>235,922</b>	<b>8.1%</b>	<b>8.0%</b>	<b>1.44%</b>	<b>248,549</b>	<b>8.6%</b>	<b>8.0%</b>	<b>9.58%</b>	<b>226,709</b>	<b>8.1%</b>	<b>8.0%</b>	<b>5.62%</b>	<b>17.69%</b>	<b>27.66%</b>	<b>21.92%</b>	<b>12.63%</b>
MSCI EAFE - 50% Hedged				0.23%				1.35%				9.06%				4.87%	16.18%	26.72%	22.56%	6.89%
<i>Small Cap - Value</i>																				
Lazard	29,245	1.0%	1.0%	-0.10%	28,616	1.0%	1.0%	0.10%	30,538	1.1%	1.0%	14.71%	26,635	0.9%	1.0%	0.72%	15.54%	23.65%	28.06%	N/A
Citigroup Broad Market Index < \$2BN				2.20%				1.50%				11.41%				1.53%	17.33%	29.28%	32.40%	N/A
<i>Small Cap - Growth</i>																				
Vanguard	30,612	1.0%	1.0%	0.32%	29,840	1.0%	1.0%	2.94%	30,971	1.1%	1.0%	12.63%	27,500	1.0%	1.0%	3.73%	20.65%	29.24%	32.39%	N/A
Citigroup Broad Market Index < \$2BN				2.20%				1.50%				11.41%				1.53%	17.33%	29.28%	32.40%	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>295,165</b>	<b>10.0%</b>	<b>10.0%</b>	<b>0.21%</b>	<b>294,378</b>	<b>10.1%</b>	<b>10.0%</b>	<b>1.46%</b>	<b>310,058</b>	<b>10.7%</b>	<b>10.0%</b>	<b>10.36%</b>	<b>280,844</b>	<b>10.0%</b>	<b>10.0%</b>	<b>4.93%</b>	<b>17.74%</b>	<b>27.35%</b>	<b>23.83%</b>	<b>8.67%</b>
MSCI EAFE - 50% Hedged				0.23%				1.35%				9.06%				4.87%	16.18%	26.72%	22.56%	6.89%
<b>DOMESTIC FIXED INCOME</b>																				
<i>Core Bond</i>																				
Western Asset	497,498	16.9%	16.8%	1.66%	491,000	16.8%	16.8%	-0.10%	545,139	18.8%	19.0%	2.01%	531,335	18.9%	19.0%	4.45%	8.22%	-0.90%	7.36%	8.59%
Lehman Aggregate				1.54%				-0.04%				1.24%				3.81%	6.67%	-0.81%	2.05%	4.97%
<i>Mortgage Backed</i>																				
Hyperion	128,999	4.4%	4.4%	1.21%	128,841	4.4%	4.4%	N/A	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Lehman Global Aggregate (US Securitized Portion)																				
<i>Core Plus/Enhanced</i>																				
Clifton Group	129,175	4.4%	4.4%	1.89%	126,565	4.3%	4.4%	-0.16%	124,064	4.3%	4.4%	0.66%	122,558	4.4%	4.4%	N/A	N/A	N/A	N/A	N/A
Prudential	129,070	4.4%	4.4%	1.49%	127,050	4.4%	4.4%	0.05%	124,236	4.3%	4.4%	1.88%	121,190	4.3%	4.4%	N/A	N/A	N/A	N/A	N/A
<b>Total Core Plus/Enhanced</b>	<b>258,244</b>	<b>8.8%</b>	<b>8.8%</b>	<b>1.69%</b>	<b>253,615</b>	<b>8.7%</b>	<b>8.8%</b>	<b>-0.06%</b>	<b>248,300</b>	<b>8.6%</b>	<b>8.8%</b>	<b>1.27%</b>	<b>243,748</b>	<b>8.7%</b>	<b>8.8%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Lehman Aggregate				1.54%				-0.04%				1.24%				3.81%				
<i>Index</i>																				
Bank of ND	238,389	8.1%	8.3%	1.74%	233,961	8.0%	8.3%	-0.12%	229,327	7.9%	8.3%	1.31%	233,697	8.3%	8.3%	3.10%	6.16%	-1.14%	1.14%	4.90%
Lehman Govt/Credit (1)				1.73%				-0.08%				1.04%				3.91%	6.71%	-1.52%	1.04%	4.78%
<i>BBB Average Quality</i>																				
Wells Capital (formerly Strong)	502,185	17.1%	16.8%	2.24%	490,646	16.8%	16.8%	0.13%	543,583	18.8%	19.0%	1.75%	531,191	18.9%	19.0%	4.60%	8.95%	-2.11%	2.63%	N/A
Lehman US Credit BAA				2.30%				0.12%				1.49%				4.80%	8.93%	-2.37%	2.63%	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>1,625,315</b>	<b>55.3%</b>	<b>55.0%</b>	<b>1.72%</b>	<b>1,598,064</b>	<b>54.8%</b>	<b>55.0%</b>	<b>-0.01%</b>	<b>1,566,348</b>	<b>54.1%</b>	<b>55.0%</b>	<b>1.70%</b>	<b>1,539,971</b>	<b>54.8%</b>	<b>55.0%</b>	<b>4.28%</b>	<b>7.87%</b>	<b>-1.39%</b>	<b>6.59%</b>	<b>7.79%</b>
Lehman Aggregate (2)				1.54%				-0.04%				1.24%				3.81%	6.67%	-0.81%	1.84%	5.28%
<b>CASH EQUIVALENTS</b>																				
Bank of ND	286,179	9.7%	10.0%	0.45%	284,997	9.8%	10.0%	0.45%	263,060	9.1%	10.0%	1.32%	277,253	9.9%	10.0%	1.35%	3.61%	4.50%	2.71%	2.42%
90 Day T-Bill				0.38%				0.41%				1.26%				1.33%	3.41%	4.00%	2.37%	2.25%
<b>TOTAL BONDING FUND</b>	<b>2,938,241</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.73%</b>	<b>2,916,806</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.69%</b>	<b>2,897,167</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.08%</b>	<b>2,807,786</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3.84%</b>	<b>9.62%</b>	<b>5.28%</b>	<b>7.24%</b>	<b>5.20%</b>
<b>POLICY TARGET BENCHMARK</b>				0.49%				0.54%				3.50%				3.81%	8.55%	4.99%	6.57%	5.10%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.